

# Chapter 6

## A Framework for Assessing the Environmental and Social Benefits of Employee Ownership

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### **ABSTRACT**

*This research develops a framework to assess the environmental and social benefits of employee ownership models. By reviewing literature, we identify factors that contribute to positive sustainability outcomes and examine supporting evidence. Our goal is to inform policymakers, business managers, and scholars seeking to advance sustainable and equitable business practices. Additionally, we will explore the potential challenges and limitations associated with employee ownership models, such as financial risks and governance issues. Our findings will provide practical recommendations for businesses and policymakers interested in implementing or enhancing employee ownership programs.*

DOI: 10.4018/979-8-3693-7031-5.ch006

## 1. INTRODUCTION

Employee ownership involves employees participating in the company's operations while holding a financial stake in its success. This ownership can assume many forms, for instance, Employee Stock Ownership Plans (ESOPs); 'co-ops'; or profit-sharing (Mackin, 2024). One key advantage of employee equity ownership is that it fosters responsibility and self-motivation among employees to enhance the company's performance. This business model, whereby employees have a large share of stocks in the organization, has been on the rise in recent years.

Evaluating the effects of employee ownership on the external environment and for the individuals involved has several reasons. First, it can be beneficial to know how employee ownership can be positive for those goals of sustainability. Secondly, it might be of great use to policymakers, businesses, and investors who are interested in supporting securitization that is sustainable. Lastly, a comparative analysis can be made concerning the overall effects of employee ownership on the environment and social setting in which the company operates to determine how such an aspect can further be developed to foster beneficial impacts. A business model for sustainability builds on positive financial, social, and environmental return for stakeholders (Bocken et al., 2013), thus including employees as value beneficiaries where they improve the value offering through sustainable efforts.

Although the use of gamification is known to improve employee engagement and motivation, its effects on environmental and social sustainability are still largely under-researched (Yetim & Gur, 2023; Martell & Gielen, 2000). Since the issues described above are becoming increasingly urgent, there is a need to explore how adopting the principles of employee ownership can help to achieve a better future for businesses and employees.

### 1.2 Objectives and Target Audience

The primary objective of this chapter is to establish a robust framework for evaluating the environmental and social benefits of employee ownership. By conducting a comprehensive literature review, we aim to:

Identify specific factors within employee ownership models that contribute to positive sustainability outcomes.

Examine the existing evidence supporting these relationships.

Highlight areas where further research is needed to strengthen our understanding.

Through this analysis, we will provide practical recommendations for policymakers, business managers, and scholars interested in advancing sustainable and equitable business practices. This literature review aims to contribute to the field of sustainability and business studies in several ways.

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